

## Message Text

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ORIGIN EB-08

INFO OCT-01 ARA-06 ISO-00 CAB-02 L-03 INRE-00 CIAE-00  
COME-00 DODE-00 DOTE-00 INR-07 NSAE-00 FAA-00 SS-15  
NSCE-00 NSC-05 H-01 /048 R

DRAFTED BY EB/AN:ARIMAS:BA  
APPROVED BY EB/TCA:JWBILLER  
EB/AN:RABROWN  
CAB:DLITTON  
ARA/ECP:DTAHER  
ARA/ECA:DVANTREEK (SUBS)

-----171825Z 086517 /46

O 171803Z MAR 77  
FM SECSTATE WASHDC  
TO AMEMBASSY BUENOS AIRES IMMEDIATE

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E.O. 11652: N/A

TAGS: EAIR, AR

SUBJECT: CIVAIR: US-ARGENTINA PRE-NEGOTIATIONS

REF: A) STATE 53637, B) BUENOS AIRES 1751

1. ALTHOUGH PART 213 ORDER HAS BEEN WITHDRAWN, AS REPORTED  
REFTEL A, IT MAY BE REIMPOSED IF PRE-NEGOTIATIONS DO NOT  
RESULT IN RESOLUTION OF IMMEDIATE ISSUES. ACCORDINGLY,  
EMBASSY SHOULD POINT OUT DURING COURSE OF ITS DISCUSSIONS  
WITH GOA THAT WITHDRAWAL OF ORDER SHOULD NOT BE INTER-  
PRETED AS A LESSENING OF OUR INTEREST IN REACHING A VIABLE  
SHORT-TERM ARRANGEMENT DURING THE PROPOSED PRE-NEGOTIA-  
TIONS. ORDER WAS WITHDRAWN BECAUSE APPLICABLE US REGULA-  
TIONS CONTAIN NO PROVISION FOR WITHHOLDING PART 213 ORDER  
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ONCE APPROVED, AND LAST MINUTE DEVELOPMENTS INDICATE THAT  
PROSPECTS FOR SUCCESSFUL PRE-NEGOTIATIONS WOULD BE  
ADVERSELY AFFECTED IF ORDER WERE PUBLISHED AT THIS TIME.  
HOWEVER, EMBASSY'S TALKS SHOULD CONTINUE TO BE BASED ON  
TEXT OF PART 213 ORDER, WHICH CAN BE REIMPOSED WHENEVER  
APPROPRIATE.

2. CONTRARY TO LAMI DOZO'S CLAIM (PARA 5, REFTTEL B) THE ORDER IS IN RESPONSE TO ARGENTINE RECENT IMPOSITION OF QUOTAS AND FINES UPON BRANIFF. ARGENTINE RESTRICTIONS ON

US AIRLINES HAVE PENALIZED THEIR OPERATIONS WHILE AEROLINEAS CONTINUES TO OPERATE WITHOUT ANY COUNTERVAILING US RESTRICTIONS.

3. CONCERNING AGOSTI'S CONDITION (PARA 5 REFTTEL B) THAT PRE-NEGOTIATION RESULTS WOULD BE CONSIDERED FINAL AND NOT SUBJECT TO RENEGOTIATION IN RESUMED TALKS, WE BELIEVE THAT INTERIM ARRANGEMENT SHOULD BE KEPT SEPARATE FROM ANY SUBSEQUENT PERMANENT AGREEMENT. IN OUR VIEW, PURPOSE OF PRE-NEGOTIATIONS SHOULD BE SOLELY TO REACH INTERIM ARRANGEMENT ON MOST PRESSING ITEMS PENDING A FULL NEGOTIATION WHICH WOULD ADDRESS ALL OUTSTANDING ISSUES. TO DO OTHERWISE WOULD GREATLY COMPLICATE INTERIM ARRANGEMENT NEGOTIATIONS. IT WOULD BE IMPRACTICAL FOR US TO UNDERTAKE PERMANENT COMMITMENT, FOR EXAMPLE, TO ABSTAIN FROM IMPOSING RETALIATORY MEASURES AGAINST AEROLINEAS REGARDLESS OF CIRCUMSTANCES. BY APPLYING PRE-NEGOTIATION RESULTS ONLY TO TIME PERIOD BEFORE FORMAL NEGOTIATIONS TAKE PLACE, BOTH SIDES PRESERVE THEIR RESPECTIVE OPTIONS TO RAISE ALL ISSUES IN LARGER CONTEXT OF OVERALL BILATERAL CIVIL AIR RELATIONS ONCE FULL-SCALE NEGOTIATIONS TAKE PLACE. BY AGREEING TO AN INTERIM ARRANGEMENT, FOR EXAMPLE, ARGENTINES COULD CONSIDER GRANT AT THIS TIME OF CHANGE OF GAUGE AND SAN JUAN STOP FOR PAN AM WITHOUT COMPROMISING THEIR OPTION TO USE THESE ITEMS AS LEVERAGE AGAINST US IN FUTURE LIMITED OFFICIAL USE

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NEGOTIATIONS.

4. LAMI DOZO'S RESERVATION (PARA 3 REFTTEL B) RE INTRODUCTION OF ADDITIONAL ARGENTINE ISSUES DURING COURSE OF PRE-NEGOTIATIONS IS CURIOUS. WE HAVE NO OBJECTION TO HIS DOING SO, PROVIDED THEY DO NOT CONSTITUTE DILATORY TACTICS WHICH WOULD OBSTRUCT THE RESOLUTION OF THE IMMEDIATE ISSUES. WE WOULD APPRECIATE EARLY INDICATION OF THE NATURE OF THESE ADDITIONAL ARGENTINE REQUESTS.

5. RE PARA 3 ABOVE, BRANIFF HAS INFORMED DEPARTMENT THAT AEROLINEAS HAS ENCOUNTERED PROBLEMS IN PERFORMING MAINTENANCE ON ITS 747 IN EUROPE. AIRLINE APPARENTLY WISHES TO UTILIZE ITS 747 ON US ROUTES AS SOON AS POSSIBLE TO AVAIL ITSELF OF US MAINTENANCE FACILITIES. COULD THIS BE ONE OF THE ADDITIONAL ISSUES LAMI DOZO WISHES TO RAISE?

6. WE WOULD NOT BE READY AT THIS TIME TO CONCLUDE ANY ARRANGEMENTS WHICH WOULD TOTALLY IGNORE PAN AM'S INTERESTS.

IN ITS DISCUSSION WITH ARGENTINES, EMBASSY SHOULD EMPHASIZE THAT PROPOSED PART 213 ORDER SHOULD NOT BE PERCEIVED AS AN INDIVISIBLE PACKAGE TO BE TRADED IN TOTAL FOR ONE OR ANOTHER ARGENTINE CONCESSION. ON THE CONTRARY, IT IS DESIGNED TO ADDRESS MULTIPLE ISSUES AFFECTING

BOTH AIRLINE REVENUES AS WELL AS AIRLINE OPERATING FLEXIBILITY.

7. RE PARA 6 REFTTEL B, DEPARTMENT PROPOSES THAT INITIAL US POSITION SHOULD SEEK ARGENTINES AGREEMENT TO POSTPONING APPLICATION OF ARGENTINA'S QUOTA REGIMES TO BRANIFF; DEFERRAL OF ACTION ON FREEDOM MIX (ENFORCEMENT OF GOA REGULATIONS RESTRICTING CARRIAGE OF 5TH FREEDOM TRAFFIC TO PERCENTAGE OF 3RD AND 4TH FREEDOM TRAFFIC); APPROVAL OF PAN AM'S CHANGE OF GAUGE AT RIO; AND APPROVAL OF INTER-MEDIATE STOPS AT SAN JOSE. IN RETURN, WE WOULD AGREE TO LIMITED OFFICIAL USE

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ABSTAIN FROM REIMPOSING PART 213 ORDER. IF ENTIRE PACKAGE IS NOT POSSIBLE, THEN WE ARE PREPARED TO ENTER INTO LIMITED ARRANGEMENTS ALONG LINES DISCUSSED BELOW.

8. IN RETURN FOR LIFTING OF QUOTAS AND DEFERRAL OF ACTION ON FREEDOM MIX WITH RESPECT TO BRANIFF, WE WOULD PERMIT 4 OF CURRENT 6 ROUNDTrips BY AEROLINEAS VIA LIMA

AND 2 OF CURRENT 3 ROUNDTrips VIA MEXICO CITY.

9. IN RETURN FOR AUTHORIZATION OF PAN AM CHANGE OF GAUGE AND THE SAN JOSE INTERMEDIATE STOP WE WOULD PERMIT REMAINING 2 OF CURRENT 6 ROUNDTrips BY AEROLINEAS VIA LIMA AND THE REMAINING ONE OF THE CURRENT 3 ROUNDTrips VIA MEXICO. IT SHOULD BE UNDERSTOOD THAT PAN AM COULD CHANGE GAUGE AT EITHER PANAMA, CARACAS OR RIO ON ANY FLIGHT THAT SERVES AT LEAST ONE OF THE ABOVE POINTS; AND SAN JOSE MAY BE SERVED ON ANY FLIGHT BETWEEN CALIFORNIA AND ARGENTINA.

10. PARAS 8 AND 9 ABOVE SHOULD BE INTERPRETED AS DESCRIBING RANGE OF TRADE-OFFS IN A LIMITED AGREEMENT, NOT AS AUTHORIZATION TO ACCEPT LIMITED AGREEMENT BASED SOLELY ON PARA 8 OR 9, I.E. AN AGREEMENT WHICH EXCLUDES EITHER BRANIFF OR PAN AM. EMBASSY SHOULD, THEREFORE, EXPLORE VARIOUS MIXES CONTAINING ELEMENTS OF PARAS 8 AND 9.

11. ALTHOUGH WE AGREE THAT ANY INTERIM ARRANGEMENT IS TO BE CONDITIONED UPON A COMMITMENT TO RESUME FORMAL NEGOTIATIONS, WE ARE UNABLE TO MAKE A COMMITMENT TO MEET

WITHIN TWO MONTHS. WE REALIZE THE IMPORTANCE OF THE ARGENTINE SITUATION. HOWEVER, EXISTING NEGOTIATING COMMITMENTS PRECLUDE OUR SCHEDULING ARGENTINE TALKS IN IMMEDIATE FUTURE. AS AN ALTERNATIVE, WE SUGGEST THAT A DATE FOR FORMAL TALKS BE LEFT OPEN, PERHAPS BY IN-LIMITED OFFICIAL USE

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CLUDING WORDING TO EFFECT THAT NEGOTIATION WILL TAKE PLACE AT "A MUTUALLY CONVENIENT TIME TO BE AGREED UPON BY BOTH

PARTIES AS SOON AS PRACTICAL."

12. ANY AGREEMENT REACHED MAY BE FORMULATED AS AN AD REFERENDUM MEMORANDUM OF CONSULTATION SUBJECT TO APPROVAL BY THE RESPECTIVE GOVERNMENTS. DEPARTMENT WOULD AUTHORIZE SUBSEQUENT EXCHANGE OF NOTES IMPLEMENTING THE MEMORANDUM UPON COMPLETION BY DEPARTMENT OF APPROPRIATE CIRCULAR 175 PRECEEDING.

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## Message Attributes

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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009